

- Donald Evans, member of the Board of Directors for the NCIUA and committee member, noted that the Beach Plan's exposure had increased from \$17.3 billion in 2003 to \$72 billion in 2008. Mr. Evans said that the Beach Plan had increased wind deductibles by 2%, increased the surplus reserve cap from \$750 million to \$1.1 billion, and increased premium rates for wind coverage in an effort to lower the Plan's exposure risk.
- Lynn Knauf of the Property Casualty Insurers of America presented a five point plan of reform for the Beach Plan. Among the suggestions were requiring the Beach Plan to file its rates directly with the Commissioner of Insurance, purchasing reinsurance to cover the one in one hundred fifty year storm, and providing for post loss surcharges.
- Joe Stewart, Executive Director of the Insurance Federation of North Carolina, provided the Committee with three recommendations to improve the Beach Plan's financial picture. These recommendations included making the Beach Plan the insurer of last resort by statutorily setting a 25% differential above voluntary rates for the plan, requiring the Plan to be able to pay claims expected through the one in one hundred fifty year storm, and capping assessments from insurers.

#### **December 18, 2008**

- Rose Vaughn Williams, Legislative Counsel for the Department of Insurance, presented the recommendations of the Department on the Beach Plan to the Committee. She noted that the Commissioner had recently approved rate increases across the State. Also, the Beach Plan Board has increased deductibles and has voted to increase the surplus to \$1.1 billion dollars. The Department of Insurance does not favor any sort of surcharge to fund the Beach Plan at this time.
- John Bode, lobbyist for the Independent Insurance Agents, presented recommendations for the Beach Plan from the insurance agents. These recommendations include insuring that the Beach Plan meets the criteria of the Internal Revenue Service for non taxable reserve accumulation of funds (the surplus). Other recommendations included a temporary surcharge on Beach Plan policies and developing a method whereby insurance companies could recoup assessments.
- The balance of the December 18 meeting was devoted to Committee discussion of potential recommendations to the 2009 General Assembly. As a part of that discussion the Committee agreed to have a subcommittee composed of representatives from the Beach Plan, Department of Insurance, and the Insurance Federation of North Carolina, develop a proposal for post-event surcharges and any cap on such surcharges. The proposal would also address assessments, recoupable and non-recoupable, and the amount of a cap on non-recoupable assessments.